

**AMENDMENT**  
**Request for Proposal**

Amendment Date: February 13, 2013

Amendment Number: 1

Bid Event ID: EVT0001995

Document Number: RFX0000359

Closing Date: ~~February 22, 2013~~, 2:00 PM SEE BELOW

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Item: Recalibration and rebasing of the KS Medicaid DRG Reimbursement System and DSH System

Agency: Kansas Department of Health and Environment, Division of Health Care Finance

Period of Contract: Three (3) years from Date of Award  
(with the option to renew for two (2) additional (2) year periods)

**Conditions:**

- 1. The Closing Date is extended to March 8, 2013.**
- 2. See the attached answers to questions submitted to the Procurement and Contracts concerning the above mentioned RFP.**

A signed copy of this Amendment must be submitted with your bid. If your bid response has been returned, submit this Amendment by the closing date indicated above.

I (We) have read and understand this amendment and agree it is a part of my (our) bid response.

NAME OF COMPANY OR FIRM: \_\_\_\_\_

SIGNED BY: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

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Amendment Number 1 EVT0001995 was recently posted to the Procurement and Contracts' Internet website. **The bid document can be downloaded by going to the following website:**

<http://www.da.ks.gov/purch/RFQ/>

**It is the vendor's responsibility to monitor the Procurement and Contracts' website on a regular basis for any changes/addenda.**

1. Does KHDE use a contractor for these services currently or historically? If so, what was the annual contract value as well as who is the current or prior vendor? If so, have there been any amendments to the vendor's contract for any additional scopes of work not outlined in this RFP?

**Answer: Yes, Myers and Stauffer, \$83,500, there have not been any amendments to the contract for any additional scopes of work.**

2. PCG understands Kansas has a provider assessment on hospitals, does the scope also require updating assessment (tax) calculations for IP and/or OP hospital services?

**Answer: Yes for IP and OP hospital assessments.**

3. Does the scope also require processing Critical Access Hospital Medicaid cost settlements for hospital services?

**Answer: What is your definition of "processing"? The vendor will need to use the cost settlement information to calculate the provider tax assessment.**

4. In section 1.11 on page 4 of the RFP document, KHDE outlines the evaluation process of proposals, can the Department break down the weighting of the various categories?

**Answer: No weighted value is assigned. The PNC committee will evaluate the relative merits of each bid.**

5. In section 4.2 on pages 21 through 22 the scope of work is outlined, however it is unclear whether the contractor is required to rebase base rates or just rebase/recalibrate DRG weights. Please clarify whether the contractor is responsible for also recalculating base rates on an annual basis. If not, does the Department perform this responsibility?

**Answer: The contractor is required to rebase/recalibrate DRG weights. We may need to discuss this question.**

6. In section 4.6 on page 24, the software requirements indicate MCO encounter data will be provided for this project. Is MCO encounter data used to develop the DRG weights? Also, how many years of claims data is normally used for the recalibration of DRG weights on an annual basis for both the FFS and MCO encounter data sets? In addition, are there any classes of providers that are excluded from the DRG recalibration process, such as Critical Access Hospitals or out of state hospitals?

**Answer: The MCO encounter data is used to develop the DRG weights and we only use one year worth of claims for both FFS and MCO. Out of State hospitals are excluded.**

7. In Section 4.1 through 4.4 of the RFP document, it indicates that a PC system is used for most of the calculations. Please elaborate on the current process and vendor responsibilities, specifically is a database designed by a vendor that is being used by State staff to perform the DRG recalibrations calculations? If this statement is true, is the vendor primarily responsible for the development of a database that automates the calculations and the Department is using the output for analytical purposes?

**Answer: The vendor provides the Rates and weights and the State sends the weights and rates to the MCOs and the TPA to enter into the system. The State verifies that the TPA is using the correct rates.**

8. In Section 4.3 on page 22, it indicates the Department is using Medicare's grouper, what current version of the grouper is the Department using?

**Answer: Version 30**

9. In Section 4.3 on page 22, it indicates the Department has added seven DRG codes for neonates. Has the Department developed a crosswalk on how to map claims to these DRG codes? Is the contractor required to evaluate changes to this crosswalk on an annual basis or in the future when ICD10 is implemented?

**Answer: Yes there is a crosswalk on how to map claims to the DRG codes. The contractor is required to evaluate changes to this crosswalk on an annual basis.**

10. Is the Department interested in potentially moving to a different grouper, such as APR-DRG, which are more appropriate for the Medicaid population.

**Answer: The Department would need to discuss this before we made such a decision.**

11. Design, Development and Calculation Task states “Develop and/or modify personal computer software used to accumulate hospital cost report data, and run rate setting programs.” Can the software utilized to complete this requirement be proprietary?

**Answer: If it is proprietary prior to using in this contract, then it will remain proprietary. If it is software that is developed during this contract, it becomes property of the State.**

12. Testing Task states “Perform testing as PC programs are modified. Reality testing would be performed to test correctness of data. Perform unit and system tasks to ensure that software programs function on DHCF hardware.” Can the PC programs utilized to complete this requirement be proprietary and not loaded to function on DHCF hardware?

**Answer: No**

13. Software Code and Intellectual Property Rights states “As applicable, all original software and software code and related intellectual property developed or created by the Contractor in the performance of its obligations under this Contract or any Task order issued under this contract, shall become the sole property of the State of Kansas.” In addition, Section 4.6.1, Software Requirements states “Any proprietary data, software or components must be identified. If the contractor fails to identify proprietary software, components or data, the contractor will be deemed to have waived his claim to such proprietary items.” If the software utilized to complete the requirements identified in this RFP is considered proprietary and is properly identified per Section 4.6.1 as being proprietary does the requirement in Section 3.58 still apply?

**Answer: All software developed specifically for this contract is owned by State of Kansas. Prior developed software may be retained by the contractor if specifically identified and agreed upon by the State prior to use. Any modifications to said software specifically for the State of Kansas forces the software to be included under section 3.58.**